

AMENDED IN SENATE JUNE 17, 2010

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY APRIL 26, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2521

Introduced by Assembly Member Torrico

February 19, 2010

An act to amend Section 77206 of the Government Code, relating to courts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2521, as amended, Torrico. Courts: budget and fiscal management.

Existing law authorizes the Judicial Council to regulate the budget and fiscal management of the trial courts, and requires the Judicial Council to adopt regulations for recordkeeping and accounting by the courts ensuring that all revenues and expenditures relating to court operations are known. At the request of the Legislature, the Controller may perform and publish financial and fiscal compliance audits of the reports of court revenues and expenditures. The Controller is required to report the results of these audits to the Legislature and the Judicial Council, and the Judicial Council or its representative may perform audits and reviews of all court financial records wherever they may be located.

This bill would, instead, authorize the Judicial Council or its representatives to inspect, review, and perform comprehensive oversight and analysis of court financial records wherever they may be located, and to investigate allegations of financial impropriety or

mismanagement. The bill also would require the Controller, on or before December 15, 2012, to establish a pilot program to audit 6 trial courts, as specified, and, on or before December 15, 2013, to commence an audit of the trial courts, including a review of all funds within the trial court's control. The bill would require the audit of each trial court at least once every 4 years. The bill would require the Controller to compile the trial court audit findings and report the results of these audits to the Legislature, the Judicial Council, and the Department of Finance no later than April 1 of each year. The bill would provide that the audit be paid for from funds of the local trial court being audited.

This bill also would require the Controller, on or before December 15, 2013, and biennially thereafter, to perform an audit of the Administrative Office of the Courts, including a review of all funds under the jurisdiction and control of the Administrative Office of the Courts. The Controller would be required to provide a copy of the final audit report to the Legislature, the Judicial Council, and the Department of Finance upon issuance. The bill would provide that the costs of the audit be reimbursed by the Administrative Office of the Courts.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 77206 of the Government Code is
2 amended to read:
3 77206. (a) Notwithstanding any other law, the Judicial Council
4 may regulate the budget and fiscal management of the trial courts.
5 The Judicial Council, in consultation with the Controller, shall
6 maintain appropriate regulations for recordkeeping and accounting
7 by the courts. The Judicial Council shall seek to ensure, by these
8 provisions, both of the following:
9 (1) The fiscal affairs of the trial courts are managed efficiently,
10 effectively, and responsibly.
11 (2) All moneys collected by the courts, including filing fees,
12 fines, forfeitures, and penalties, and all revenues and expenditures
13 relating to court operations are known.
14 The Judicial Council may delegate their authority under this
15 section, when appropriate, to the Administrative Director of the
16 Courts.

1 (b) Regulations, rules, and reporting requirements adopted
2 pursuant to this chapter shall be exempt from review and approval
3 or other processing by the Office of Administrative Law as
4 provided for in Chapter 3.5 (commencing with Section 11340) of
5 Part 1 of Division 3 of Title 2.

6 (c) The Controller, at the request of the Legislature, may perform
7 and publish financial and fiscal compliance audits of the reports
8 of court revenues and expenditures. The Controller shall report
9 the results of these audits to the Legislature and the Judicial
10 Council.

11 (d) The Judicial Council shall provide for the transmission of
12 summary information concerning court revenues and expenditures
13 to the Controller.

14 (e) The Judicial Council shall adopt rules to provide for
15 reasonable public access to budget allocation and expenditure
16 information at the state and local levels.

17 (f) The Judicial Council shall adopt rules ensuring that, upon
18 written request, the trial courts provide, in a timely manner,
19 information relating to the administration of the courts, including
20 financial information and other information that affects the wages,
21 hours, and working conditions of trial court employees.

22 (g) The Judicial Council or its representatives may do any of
23 the following:

24 (1) Inspect, review, and perform comprehensive oversight and
25 analysis of court financial records wherever they may be located.

26 (2) Investigate allegations of financial impropriety or
27 mismanagement.

28 The authority granted pursuant to this subdivision shall not
29 substitute for, or conflict with, the authority of the Controller to
30 conduct financial audits pursuant to subdivisions (h) and (i).

31 (h) (1) On or before December 15, 2012, the Controller shall
32 establish a pilot program to audit six trial courts. The Controller
33 shall select the trial courts using the following criteria:

34 (A) Two trial courts selected from counties with a population
35 of 200,000 or less.

36 (B) Two trial courts selected from counties with a population
37 greater than 200,000 and less than 750,000.

38 (C) Two trial courts selected from counties with a population
39 of 750,000 or greater.

1 The audits shall be performed in accordance with generally
2 accepted government auditing standards and shall include a review
3 of the revenues, expenditures, and fund balances of the Trial Court
4 Trust Fund, the Judicial Administration Efficiency and
5 Modernization Fund, the Trial Court Improvement Fund, the Court
6 Interpreters' Fund, the Family Law Trust Fund, and the Mental
7 Health Services Fund, as well as any federal funds and grants, and
8 any other funds within the trial court's control. The audits required
9 by this section shall be in addition to any audit regularly conducted
10 by the Controller.

11 (2) Notwithstanding paragraph (1), the Controller shall, on or
12 before December 15, 2013, commence an audit of the trial courts
13 in the manner as he or she deems appropriate, so long as every
14 trial court is audited in the manner prescribed by this section at
15 least once every four years. The audits shall be performed in
16 accordance with generally accepted government auditing standards
17 and shall include ~~a review of the~~ *an audit of a trial court's*
18 *compliance with governing statutes, rules, and regulations relating*
19 *to the revenues, expenditures, and fund balances of all funds,*
20 *including, but not limited to, the Trial Court Trust Fund, the*
21 *Judicial Administration Efficiency and Modernization Fund, the*
22 *Trial Court Improvement Fund, the Court Interpreters' Fund, the*
23 *Family Law Trust Fund, and the Mental Health Services Fund, as*
24 *well as any federal funds and grants, and any other funds within*
25 *the trial court's control. The audits required by this paragraph shall*
26 *be in addition to any audit regularly conducted by the Controller.*

27 (3) Notwithstanding Section 10231.5, the Controller shall
28 compile the trial court audit findings and report the results of these
29 audits to the Legislature, the Judicial Council, and the Department
30 of Finance no later than April 1 of each year.

31 (4) The cost of the audit conducted pursuant to this subdivision
32 shall be paid from funds of the local trial court being audited.

33 (i) (1) On or before December 15, 2013, and biennially
34 thereafter, the Controller shall perform an audit of the
35 Administrative Office of the Courts in accordance with generally
36 accepted government auditing standards. ~~The audit shall include~~
37 ~~a review and shall perform an audit of the Administrative Office~~
38 ~~of the Court's compliance with governing statutes, rules, and~~
39 ~~regulations relating to the revenues, expenditures, and fund~~
40 ~~balances of all funds under the jurisdiction and control of the~~

1 Administrative Office of the Courts, including, but not limited to,
2 the Motor Vehicle Account in the State Transportation Fund, the
3 Trial Court Trust Fund, the Judicial Administration Efficiency and
4 Modernization Fund, the Trial Court Improvement Fund, the Court
5 Interpreters' Fund, the Federal Trust Fund, the Family Law Trust
6 Fund, the State Court Facilities Construction Fund, the Appellate
7 Court Trust Fund, the Court Facilities Trust Fund, the Mental
8 Health Services Fund, the Immediate and Critical Needs Account
9 of the State Court Facilities Construction Fund, and the Judicial
10 Branch Workers' Compensation Fund, as well as *federal* grants,
11 and any other funds within the control of the Judicial Council and
12 the Administrative Office of the Courts.

13 (2) Notwithstanding Section 10231.5, the Controller shall
14 provide a copy of the final audit report of the Administrative Office
15 of the Courts to the Legislature, the Judicial Council, and the
16 Department of Finance upon issuance.

17 (3) Any costs incurred by the Controller pursuant to this
18 subdivision shall be reimbursed by the Administrative Office of
19 the Courts.

20 (j) A report submitted pursuant to subdivision (h) or (i) shall be
21 submitted in compliance with Section 9795.